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1 ***-1465/2.1* SECTION 2115.** 71.60 (1) (b) of the statutes is amended to read:

2 71.60 (1) (b) The credit allowed under this subchapter shall be limited to 90%
3 of the first \$2,000 of excessive property taxes plus 70% of the 2nd \$2,000 of excessive
4 property taxes plus 50% of the 3rd \$2,000 of excessive property taxes. The maximum
5 credit shall not exceed \$4,200 for any claimant. The credit for any claimant shall be
6 the greater of either the credit as calculated under this subchapter as it exists at the
7 end of the year for which the claim is filed or as it existed on the date on which the
8 farmland became subject to a current agreement under subch. II or III of ch. 91 or
9 under subch. III of ch. 91, 2005 stats., using for such calculations household income
10 and property taxes accrued of the year for which the claim is filed.

11 ***-1465/2.2* SECTION 2116.** 71.60 (1) (c) 3. of the statutes is amended to read:

12 71.60 (1) (c) 3. If the claimant or any member of the claimant's household owns
13 farmland which is ineligible for credit under subd. 1. or 2. but was subject to a
14 farmland preservation agreement under subch. III of ch. 91, 2005 stats., on July 1
15 of the year for which credit is claimed, or the owner had applied for such an
16 agreement before July 1 of such year and the agreement has subsequently been
17 executed, and if the owner has applied by the end of the year in which conversion
18 under s. 91.41, 2005 stats., is first possible for conversion of the agreement to a
19 transition area agreement under subch. II of ch. 91, and the transition area
20 agreement has subsequently been executed, and the farmland is located in a city or
21 village which has a certified exclusive agricultural use zoning ordinance under
22 subch. V of ch. 91 in effect at the close of the year for which credit is claimed, or in
23 a town which is subject to a certified county exclusive agricultural use zoning
24 ordinance under subch. V of ch. 91 in effect at the close of the year for which credit
25 is claimed, the amount of the claim shall be that specified in par. (b).

SECTION 2117

1 ***-1465/2.3* SECTION 2117.** 71.60 (1) (c) 5. of the statutes is amended to read:

2 71.60 (1) (c) 5. If the claimant or any member of the claimant's household owns

3 farmland which is ineligible for credit under subds. 1. to 4. but was subject to a

4 farmland preservation agreement under subch. III of ch. 91, 2005 stats., on July 1

5 of the year for which credit is claimed, or the owner had applied for such an

6 agreement before July 1 of such year and the agreement has subsequently been

7 executed, and if the owner has applied by the end of the year in which conversion

8 under s. 91.41, 2005 stats., is first possible for conversion of the agreement to an

9 agreement under subch. II of ch. 91, and the agreement under subch. II of ch. 91 has

10 subsequently been executed, the amount of the claim shall be limited to 80% of that

11 specified in par. (b).

12 ***-1465/2.4* SECTION 2118.** 71.60 (1) (c) 8. of the statutes is amended to read:

13 71.60 (1) (c) 8. If the farmland is subject to a farmland preservation agreement

14 under subch. III of ch. 91, 2005 stats., on July 1 of the year for which credit is claimed

15 or the claimant had applied for such an agreement before July 1 of such year and the

16 agreement has subsequently been executed, the amount of the claim shall be limited

17 to 50% of that specified in par. (b).

18 ***-1195/3.63* SECTION 2119.** 71.738 (1d) of the statutes is repealed.

19 ***-1195/3.64* SECTION 2120.** 71.738 (2d) of the statutes is repealed.

20 ***-0891/1.1* SECTION 2121.** 71.74 (14) of the statutes is amended to read:

21 71.74 (14) **ADDITIONAL REMEDY TO COLLECT TAX.** The department may also

22 proceed under s. 71.91 (5) for the collection of any additional assessment of income

23 or franchise taxes or surtaxes, after notice thereof has been given under sub. (11) and

24 before the same shall have become delinquent, when it has reasonable grounds to

25 believe that the collection of such additional assessment will be jeopardized by delay.

1 In such cases notice of the intention to so proceed shall be given by registered mail
2 to the taxpayer, and the warrant of the department shall not issue if the taxpayer
3 within 10 days after such notice furnishes a bond in such amount, not exceeding
4 double the amount of the tax, and with such sureties as the department shall
5 approve, conditioned upon the payment of so much of the additional taxes as shall
6 finally be determined to be due, together with interest thereon as provided by s. 71.82

7 (1) (a). Nothing in this subsection shall affect the review of additional assessments
8 provided by ss. 71.88 (1) (a) and (2) (a), 71.89 (2), 73.01, and 73.015, and any amounts
9 collected under this subsection shall be deposited with the secretary of
10 administration department and disbursed after final determination of the taxes as
11 are amounts deposited under s. 71.90 (2).

12 ***-1195/3.65* SECTION 2122.** 71.765 of the statutes is repealed.

13 ***-0721/2.1* SECTION 2123.** 71.775 (3) (a) 2. of the statutes is amended to read:

14 71.775 (3) (a) 2. ~~The partner, member, shareholder, or beneficiary has no~~
15 ~~Wisconsin income other than his or her partner's, member's, shareholder's, or~~
16 ~~beneficiary's share of income from the pass-through entity that is attributable to this~~
17 ~~state and his or her share of such income is less than \$1,000.~~

18 ***-0721/2.2* SECTION 2124.** 71.775 (3) (a) 3. of the statutes is created to read:

19 71.775 (3) (a) 3. The nonresident partner, member, shareholder, or beneficiary
20 files an affidavit with the department, in the form and manner prescribed by the
21 department, whereby the nonresident partner, member, shareholder, or beneficiary
22 agrees to file a Wisconsin income or franchise tax return and be subject to the
23 personal jurisdiction of the department, the tax appeals commission, and the courts
24 of this state for the purpose of determining and collecting Wisconsin income and

SECTION 2124

1 franchise taxes, including estimated tax payments, together with any related
2 interest and penalties.

3 ***-0721/2.3* SECTION 2125.** 71.775 (4) (b) 2. of the statutes is amended to read:

4 71.775 (4) (b) 2. ~~A pass-through entity that pays the tax withheld under sub.~~
5 ~~(2) as provided under subd. 1. is not subject to an underpayment of estimated tax~~
6 ~~under s. 71.09 or 71.29, if 90 percent of the tax that is due for the current taxable year~~
7 ~~is paid by the unextended due date or if 100 percent of the tax that is due for the~~
8 ~~taxable year immediately preceding the current taxable year is paid by the~~
9 ~~unextended due date and the taxable year immediately preceding the current~~
10 ~~taxable year was a 12-month period.~~ Interest at the rate of 12 percent shall be
11 imposed on the unpaid amount of the tax withheld due under sub. (2) during any
12 extension period and interest at the rate of 18 percent shall be imposed on the unpaid
13 amount of the tax withheld due under sub. (2) for the period beginning with the
14 extended due date and ending with the date that the unpaid amount is paid in full.

15 ***-0721/2.4* SECTION 2126.** 71.775 (4) (d) of the statutes is amended to read:

16 71.775 (4) (d) A nonresident partner, member, shareholder, or beneficiary of a
17 pass-through entity may claim a credit, as prescribed by the department, on his or
18 her Wisconsin income or franchise tax return for the amount withheld under sub. (2)
19 on his or her behalf for the tax period for which the income of the pass-through entity
20 is reported. For purposes of this paragraph determining whether interest under s.
21 71.84 applies to a nonresident partner, member, shareholder, or beneficiary, the
22 amount withheld under sub. (2) is considered to be paid on the last day of the
23 pass-through entity's taxable year for which the tax is paid in 4 equal quarterly
24 installments.

25 ***-0721/2.5* SECTION 2127.** 71.775 (4) (f) of the statutes is amended to read:

1 71.775 (4) (f) If a pass-through entity subject to withholding under this section
2 fails to ~~withhold~~ pay the tax as required by this section, the pass-through entity shall
3 be liable for any tax, interest, and penalties. If a nonresident partner, member,
4 shareholder, or beneficiary of the pass-through entity files a return and pays the tax
5 due, the pass-through entity shall not be liable for the tax, but shall be liable for any
6 ~~interest and penalties otherwise applicable for failure to withhold, as the penalty~~
7 provided under ~~ss. 71.82 (2) (d) and s. 71.83 (1) (a) 1.~~

8 ***-1195/3.66*** SECTION 2128. 71.80 (20) of the statutes is amended to read:

9 71.80 (20) ~~MAGNETIC MEDIA~~ ELECTRONIC FILING. If the internal revenue service
10 requires a person to file information returns or wage statements ~~on magnetic media~~
11 ~~or in other machine-readable form~~ electronically for federal income tax purposes, the
12 person shall also file the comparable state information returns or wage statements
13 ~~on magnetic media or in other machine-readable form~~ electronically with the
14 department of revenue for income or franchise tax purposes.

15 ***-1602/2.1*** SECTION 2129. 71.805 of the statutes is created to read:

16 **71.805 Tax avoidance transactions voluntary compliance program. (1)**

17 DEFINITIONS. In this section:

18 (a) "Tax avoidance transaction" means a transaction, plan, or arrangement
19 devised for the principal purpose of avoiding federal or Wisconsin income or
20 franchise tax and that is a reportable transaction as provided under U.S. department
21 of the treasury regulations as of the effective date of this paragraph [revisor
22 inserts date].

23 (b) "Taxpayer" means a person who is subject to the taxes imposed under this
24 chapter and who has a tax liability attributable to using a tax avoidance transaction
25 for any taxable year beginning before January 1, 2007.

SECTION 2129

1 **(2) PENALTY WAIVER OR ABATEMENT.** All of the following apply with regard to a
2 taxpayer who satisfies the conditions under sub. (3):

3 (a) Except as provided under sub. (4) (b), the department shall waive or abate
4 all penalties that are applicable to the underreporting or underpayment of Wisconsin
5 income or franchise taxes attributable to using a tax avoidance transaction for any
6 taxable year for which the taxpayer satisfies the conditions under sub. (3).

7 (b) The department shall not seek a criminal prosecution against the taxpayer
8 with respect to using a tax avoidance transaction for any taxable year for which the
9 taxpayer satisfies the conditions under sub. (3).

10 **(3) TAXPAYER ELIGIBILITY.** A taxpayer is eligible for the benefits described under
11 sub. (2) (a) and (b), if, during the period beginning on October 1, 2007, and ending
12 on December 31, 2007, the taxpayer does the following:

13 (a) Files an amended Wisconsin tax return for each taxable year for which the
14 taxpayer has previously filed a Wisconsin tax return that uses a tax avoidance
15 transaction to underreport the taxpayer's Wisconsin income or franchise tax liability
16 and the amended return reports the total Wisconsin net income and tax for the
17 taxable year, computed without regard to any tax avoidance transaction and without
18 regard to any other adjustment that is unrelated to any tax avoidance transaction.

19 (b) Pays, in full, for each taxable year for which an amended return is filed
20 under par. (a), the entire amount of Wisconsin income or franchise tax and interest
21 due that is attributable to using a tax avoidance transaction.

22 **(4) LIMITATIONS AND ADMINISTRATION.** (a) A taxpayer who receives the benefits
23 described under sub. (2) may not file an appeal or a claim for credit or refund with
24 respect to the tax avoidance transactions for the taxable years for which the taxpayer
25 satisfied the conditions under sub. (3).

1 (b) The department may not waive or abate a penalty as provided under sub.
2 (2) (a) if the penalty relates to an amount of Wisconsin income and franchise tax that
3 is attributable to a tax avoidance transaction and assessed or paid prior to October
4 1, 2007, or after December 31, 2007.

5 (c) Notwithstanding the other provisions of this section, a transaction does not
6 have to be a reportable transaction as provided under U.S. department of the
7 treasury regulations in order for the department to examine the transaction with
8 regard to its principal purpose.

9 (d) A taxpayer who files an amended return under sub. (3) (a) may file a
10 separate amended return with respect to adjustments that are unrelated to any tax
11 avoidance transaction.

12 (e) The department shall promulgate rules, publish forms and instructions,
13 and take any other action necessary to implement and administer this section.

14 *-1602/2.2* SECTION 2130. 71.81 of the statutes is created to read:

15 **71.81 Disclosing reportable transactions. (1) DEFINITIONS.** In this section:

16 (a) "Listed transaction" means any reportable transaction that is the same as,
17 or substantially similar to, a transaction, plan, or arrangement specifically identified
18 by the U.S. secretary of the treasury as a listed transaction, for purposes of section
19 6011 of the Internal Revenue Code, that occurred on or after January 1, 2002, and
20 that is specifically identified by the U.S. secretary of the treasury as a listed
21 transaction on or after the date the transaction occurred.

22 (b) "Material advisor" means any person who provides any material aid,
23 assistance, or advice with respect to organizing, managing, promoting, selling,
24 implementing, insuring, or carrying out any reportable transaction and who, directly

1 or indirectly, derives gross income from providing such aid, assistance, or advice in
2 an amount that exceeds the threshold amount.

3 (c) "Reportable transaction" means any transaction, plan, or arrangement,
4 including a listed transaction, for which a taxpayer is required to submit information
5 to the department because the taxpayer is required to disclose the transaction, plan,
6 or arrangement for federal income tax purposes, as provided under U.S. department
7 of treasury regulations.

8 (d) "Tax shelter" means any entity, plan, or arrangement, if avoiding or evading
9 federal income tax or Wisconsin income or franchise tax is a significant purpose of
10 the entity, plan, or arrangement.

11 (e) "Threshold amount" means the following:

12 1. In the case of a reportable transaction, not including a listed transaction,
13 from which a substantial part of the tax benefits are provided to an individual,
14 \$50,000.

15 2. In the case of a listed transaction from which a substantial part of the tax
16 benefits are provided to an individual, \$10,000.

17 3. In the case of a reportable transaction, not including a listed transaction,
18 from which a substantial part of the tax benefits are provided to an entity and not
19 an individual, \$250,000.

20 4. In the case of a listed transaction, from which a substantial part of the tax
21 benefits are provided to an entity and not an individual, \$25,000.

22 (2) DISCLOSURE. For each taxable year in which a taxpayer has participated in
23 a reportable transaction, the taxpayer shall file with the department a copy of any
24 form prescribed by the internal revenue service for disclosing a reportable
25 transaction for federal income tax purposes no later than 60 days after the date for

1 which the taxpayer is required to file the form for federal income tax purposes, except
2 that, if the taxpayer has filed a form with the internal revenue service on or before
3 the effective date of this subsection [revisor inserts date], the taxpayer shall file
4 a copy of the form with the department no later than December 31, 2007. The
5 department may require that forms filed with the department under this subsection
6 be filed separately from this state's income or franchise tax return. This subsection
7 applies to any reportable transaction entered into on or after January 1, 2002, for any
8 taxable year for which the transaction remains undisclosed and for which the statute
9 of limitations on assessment, including any extension provided under sub. (6), has
10 not expired as of the date that is 60 days after the effective date of this subsection
11 [revisor inserts date].

12 (3) PENALTY FOR FAILING TO DISCLOSE. (a) Any taxpayer who does not file the
13 form under sub. (2) and who is required to file the form is subject to the following
14 penalty:

15 1. If the taxpayer participated in a reportable transaction that is not a listed
16 transaction, the lesser of \$15,000 or 10 percent of the tax benefit obtained from the
17 reportable transaction.

18 2. If the taxpayer participated in a listed transaction, \$30,000.

19 (b) The secretary of revenue may waive or abate any penalty imposed under
20 this subsection, or any portion of such penalty, related to a reportable transaction
21 that is not a listed transaction, if the waiver or abatement promotes compliance with
22 this section and effective tax administration.

23 (c) The penalties imposed under this subsection apply to any failure to disclose
24 a listed transaction entered into on or after January 1, 2002, including transactions
25 that were not listed transactions when entered into, but became listed transactions

1 before the effective date of this paragraph [revisor inserts date], or any other
2 reportable transaction entered into after the effective date of this paragraph
3 [revisor inserts date], for any taxable year for which the statute of limitations on
4 assessment, including any extension under sub. (6), has not expired as of the effective
5 date of this paragraph [revisor inserts date].

6 (4) UNDERSTATEMENT PENALTY. (a) If a taxpayer has a reportable transaction
7 understatement, as determined in par. (b), the taxpayer shall pay, in addition to any
8 tax owed with regard to the reportable transaction, an amount equal to either 20
9 percent of the reportable transaction understatement or, in the case of a reportable
10 transaction that is not disclosed as provided in sub. (2), 30 percent of the reportable
11 transaction understatement.

12 (b) A taxpayer has a reportable transaction understatement if the following
13 calculation results in a positive number:

14 1. Multiply the taxpayer's highest applicable tax rate under s. 71.06, 71.27, or
15 71.46, by the amount of any increase in Wisconsin taxable income that results from
16 the difference between the proper tax treatment of a reportable transaction and the
17 taxpayer's treatment of the transaction as shown on the taxpayer's tax return,
18 including any amended return the taxpayer files before the date on which the
19 department first contacts the taxpayer regarding an examination of the taxable year
20 for which the amended return is filed. For purposes of this subdivision, the amount
21 of any increase in Wisconsin taxable income for a taxable year includes any reduction
22 in the amount of loss available for carry-forward to the subsequent year.

23 2. Add the amount determined under subd. 1. to the amount of any decrease
24 in the aggregate amount of Wisconsin income or franchise tax credits that results

1 from the difference between the proper tax treatment of a reportable transaction and
2 the taxpayer's treatment of the transaction as shown on the taxpayer's tax return.

3 (c) The secretary of revenue may waive or abate any penalty imposed under this
4 subsection, or any portion of such penalty, if the taxpayer demonstrates to the
5 department that the taxpayer had reasonable cause to act the way the taxpayer did,
6 and in good faith, with regard to the tax treatment for which the taxpayer is subject
7 to a penalty under this subsection and all facts relevant to the tax treatment are
8 adequately disclosed in the filing under sub. (2), except that, if the taxpayer does not
9 fully disclose such facts under sub. (2), the taxpayer's penalty may be waived or
10 abated under this paragraph if the taxpayer demonstrates to the department that
11 the taxpayer reasonably believed that the tax treatment for which the taxpayer is
12 subject to a penalty under this subsection was more likely than not the proper
13 treatment and substantial authority exists or existed for the tax treatment for which
14 the taxpayer is subject to a penalty under this subsection.

15 (d) The penalties under par. (a) apply to any reportable transaction
16 understatement from a reportable transaction, including a listed transaction,
17 entered into on or after January 1, 2002, for any taxable year for which the statute
18 of limitations on assessment, including any extension provided under sub. (6), has
19 not expired as of the effective date of this paragraph [revisor inserts date].

20 (5) ADDITIONAL UNDERSTATEMENT PENALTY. (a) 1. A taxpayer who files an
21 amended return after December 31, 2007, and before the taxpayer is contacted by the
22 internal revenue service or the department regarding a reportable transaction is
23 subject to a penalty in an amount equal to 50 percent of the interest assessed under
24 s. 71.82 on any reportable transaction understatement, as determined under sub. (4)
25 (b), for the tax period for which the taxpayer files an amended return.

1 2. If the internal revenue service or the department contacts a taxpayer after
2 December 31, 2007, regarding a reportable transaction and the taxpayer is contacted
3 before the taxpayer files an amended return with respect to that transaction, the
4 taxpayer is subject to a penalty in an amount equal to the interest assessed under
5 s. 71.82 on any reportable transaction understatement, as determined under sub. (4)
6 (b), for the tax period for which the internal revenue service or the department
7 contacts the taxpayer.

8 (b) The penalties under par. (a) apply to any reportable transaction
9 understatement resulting from a reportable transaction, including a listed
10 transaction, entered into on or after January 1, 2002, for any taxable year for which
11 the statute of limitations on assessment, including any extension provided under
12 sub. (6), has not expired as of the effective date of this paragraph [revisor inserts
13 date].

14 (c) The secretary of revenue may waive or abate any penalty imposed under this
15 subsection, or any portion of such penalty, if the taxpayer demonstrates to the
16 department that the taxpayer had reasonable cause to act the way the taxpayer did,
17 and in good faith, with regard to the tax treatment for which the taxpayer is subject
18 to a penalty under this subsection and all facts relevant to the tax treatment are
19 adequately disclosed in the filing under sub. (2), except that, if the taxpayer does not
20 fully disclose such facts under sub. (2), the taxpayer's penalty may be waived or
21 abated under this paragraph if the taxpayer demonstrates to the department that
22 the taxpayer reasonably believed that the tax treatment for which the taxpayer is
23 subject to a penalty under this subsection was more likely than not the proper
24 treatment and substantial authority exists or existed for the tax treatment for which
25 the taxpayer is subject to a penalty under this subsection.

1 **(6) STATUTE OF LIMITATIONS EXTENSION.** (a) Except as provided in par. (b), if a
2 taxpayer fails to provide any information regarding a reportable transaction, other
3 than a listed transaction, under sub. (2), the time for assessing any tax imposed
4 under this chapter with respect to that transaction shall expire no later than the date
5 that is 6 years after the date on which the return for the taxable year in which the
6 reportable transaction occurred was filed. If a taxpayer fails to provide any
7 information regarding a listed transaction, under sub. (2), the time for assessing any
8 tax imposed under this chapter with respect to that transaction shall expire on the
9 latest of the following dates:

10 1. The date that is 6 years after the date on which the return for the taxable
11 year in which the listed transaction occurred was filed.

12 2. The date that is 12 months after the date on which the taxpayer provides
13 information regarding the listed transaction under sub. (2).

14 3. The date that is 12 months after the date on which the taxpayer's material
15 advisor provides, at the department's request, the list described in sub. (7) (b).

16 4. The date that is 4 years after the date on which the department discovers
17 a listed transaction that was a listed transaction on the date the transaction occurred
18 for which the taxpayer did not provide the information described under sub. (2) or
19 for which the taxpayer's material advisor did not provide the information described
20 under sub (7) (b).

21 (b) Any limitation determined under par. (a) may be extended by a written
22 agreement between the taxpayer and the department as provided under s. 71.77 (5).

23 **(7) MATERIAL ADVISOR.** (a) Each material advisor who is required to disclose a
24 reportable transaction under section 6111 of the Internal Revenue Code shall file a
25 copy of the disclosure with the department no later than 60 days after the date for

1 which the material advisor is required to file the disclosure with the internal revenue
2 service, except that, if a material advisor files the disclosure with the internal
3 revenue service on or before the effective date of this paragraph [revisor inserts
4 date], the material advisor shall file a copy of the disclosure with the department no
5 later than December 31, 2007.

6 (b) Each material advisor shall maintain a list that identifies each Wisconsin
7 taxpayer for whom the person provided services as a material advisor with respect
8 to a reportable transaction, regardless of whether the taxpayer is required to file the
9 form under sub. (2). Any material advisor who is required to maintain a list under
10 this paragraph shall provide the list to the department after receiving the
11 department's written request to provide the list and shall retain the information
12 contained in the list for 7 years or for the period determined by the department by
13 rule. If 2 or more material advisors are required under this paragraph to maintain
14 identical lists, the department may provide that only one of the material advisors
15 maintain the list.

16 (c) This subsection applies to reportable transactions, not including listed
17 transactions, for which a material advisor provides services after the effective date
18 of this paragraph [revisor inserts date], and listed transactions for which a
19 material advisor provides services, and were entered into, on or after January 1,
20 2002, regardless of when the transactions became listed transactions.

21 (8) MATERIAL ADVISOR PENALTIES. (a) If a person who is required to file a
22 disclosure with the department as provided under sub. (7) (a) fails to file the
23 disclosure or files a disclosure containing false or incomplete information, the person
24 is subject to a penalty equal to the following amounts:

1 1. If the disclosure relates to a reportable transaction that is not a listed
2 transaction, \$15,000.

3 2. If the disclosure relates to a listed transaction, \$100,000.

4 (b) Any person who is required to maintain a list under sub. (7) (b) and who fails
5 to provide the list to the department no later than 20 business days after the date on
6 which the person receives the department's request to provide the list, as provided
7 under sub. (7) (b), shall pay a penalty to the department in an amount that is equal
8 to \$10,000 for each day that the person does not provide the list, beginning with the
9 day that is 21 business days after the date on which the person receives the
10 department's request.

11 (c) The secretary of revenue may waive or abate any penalty imposed under this
12 subsection, or any portion of such penalty, related to a reportable transaction that
13 is not a listed transaction, if the waiver or abatement promotes compliance with this
14 section and effective tax administration or, with regard to the penalty imposed under
15 par. (b), if, on each day after the time for providing the list without incurring a
16 penalty has expired, the person demonstrates to the department that the person's
17 failure to provide the list on that day is because of reasonable cause.

18 **(9) TAX SHELTER PROMOTION.** (a) Beginning on the effective date of this
19 paragraph [revisor inserts date], any person who organizes or assists in
20 organizing a tax shelter, or directly or indirectly participates in the sale of any
21 interest in a tax shelter, and who makes or provides or causes another person to make
22 or provide, in connection with such organization or sale, a statement that the person
23 knows or has reason to know is false or fraudulent as to any material matter
24 regarding the allowability of any tax deduction or credit, the excludability of any
25 income, the manipulation of any allocation or apportionment rule, or the securing of

1 any other tax benefit resulting from holding an interest in the entity or participating
2 in the plan or arrangement, shall pay a penalty to the department, with respect to
3 each sale or act of organization described under this paragraph, in an amount equal
4 to 50 percent of the person's gross income derived from the sale or act.

5 (b) For purposes of administering this chapter, beginning on the effective date
6 of this paragraph [revisor inserts date], a written communication between a tax
7 practitioner and any person, director, officer, employee, agent, or representative of
8 the person, or any other person holding a capital or profits interest in the person,
9 regarding the promotion of the person's direct or indirect participation in any tax
10 shelter is not considered a confidential or privileged communication.

11 (11) INJUNCTION. The department may commence an action in the circuit court
12 of Dane County to enjoin a person from taking any action, or failing to take any
13 action, that is subject to a penalty under this section or in violation of this section or
14 any rules that the department promulgates pursuant to this section.

15 *-0721/2.6* SECTION 2131. 71.83 (1) (a) 1. of the statutes is amended to read:

16 71.83 (1) (a) 1. 'Failure to file.' In case of failure to file any return required
17 under s. 71.03, 71.24 ~~or~~, 71.44, or 71.775 on the due date prescribed therefor,
18 including any applicable extension of time for filing, unless it is shown that the
19 failure is due to reasonable cause and not due to willful neglect, there shall be added
20 to the amount required to be shown as tax on the return 5% of the amount of the tax
21 if the failure is for not more than one month, with an additional 5% for each
22 additional month or fraction thereof during which the failure continues, not
23 exceeding 25% in the aggregate. For purposes of this subdivision, the amount of tax
24 required to be shown on the return shall be reduced by the amount of any part of the

1 tax which is paid on or before the due date prescribed for payment and by the amount
2 of any credit against the tax which may be claimed upon the return.

3 ***-0891/1.2* SECTION 2132.** 71.90 (2) of the statutes is amended to read:

4 **71.90 (2) DEPOSIT WITH THE SECRETARY OF ADMINISTRATION DEPARTMENT.** At any
5 time while the petition is pending before the tax appeals commission or an appeal
6 in regard to that petition is pending in a court, the taxpayer may offer to deposit the
7 entire amount of the additional taxes, penalties, and fines, together with interest,
8 with the secretary of administration. ~~If an offer to deposit is made, the department~~
9 ~~of revenue shall issue a certificate to the secretary of administration authorizing the~~
10 ~~secretary to accept payment of such taxes together with interest to the first day of~~
11 ~~the succeeding month and to give a receipt. A copy of the certificate shall be mailed~~
12 ~~to the taxpayer who shall pay the taxes and interest to the secretary of~~
13 ~~administration within 30 days. A copy of the receipt of the secretary of~~
14 ~~administration shall be filed with the department. The department shall, upon final~~
15 ~~determination of the appeal, certify to the secretary of administration the amount~~
16 ~~of the taxes as finally determined and direct the secretary of administration to refund~~
17 ~~to the appellant any portion of such payment which has been found to have been~~
18 ~~improperly assessed, including interest. The secretary of administration shall make~~
19 ~~the refunds directed by the certificate within 30 days after receipt. Taxes paid to the~~
20 ~~secretary of administration under this subsection shall be subject to the interest~~
21 ~~provided by ss. 71.82 and 71.91 (1) (c) only to the extent of the interest accrued on~~
22 ~~the taxes prior to the first day of the month succeeding the application for hearing.~~
23 ~~Any portion of the amount deposited with the secretary of administration which is~~
24 ~~refunded to the taxpayer shall bear interest at the rate of 9% per year during the time~~
25 ~~that the funds are on deposit.~~

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1 *-1261/5.698* *-1267/P1.215* SECTION 2133. 71.93 (1) (a) 2. of the statutes
2 is amended to read:

3 71.93 (1) (a) 2. A delinquent child support or spousal support obligation that
4 has been reduced to a judgment and has been submitted by an agency of another
5 state to the department of workforce development children and families for
6 certification under this section.

7 *-1261/5.699* *-1267/P1.216* SECTION 2134. 71.93 (1) (a) 4. of the statutes
8 is amended to read:

9 71.93 (1) (a) 4. An amount that the department of workforce development
10 children and families may recover under s. 49.161 or 49.195 (3) or collect under s.
11 49.147 (6) (cm), if the department of workforce development children and families
12 has certified the amount under s. 49.85.

13 *-1182/P3.5* SECTION 2135. 73.01 (4) (b) of the statutes is amended to read:

14 73.01 (4) (b) Any matter required to be heard by the commission may be heard
15 by any member of the commission or its a hearing examiner and reported to the
16 commission, and hearings of matters pending before it shall be assigned to members
17 of the commission or its the hearing examiner by the chairperson. Cases other than
18 small claims cases shall be decided by the full commission, except that if one or more
19 members of the commission are unavailable, cases other than small claims cases
20 shall be decided by the member or members assigned by the chairperson prior to the
21 hearing. If the parties have agreed to an oral decision, the member or members
22 conducting the hearing may render an oral decision. Hearings shall be open to the
23 public and all proceedings shall be conducted in accordance with rules of practice and
24 procedure prescribed by the commission. Small claims cases shall be decided by one
25 commissioner assigned by the chairperson prior to the hearing.

1 ***-1182/P3.6* SECTION 2136.** 73.01 (4m) (b) of the statutes is amended to read:

2 73.01 (4m) (b) No member of the commission, including the chairperson, or its
3 a hearing examiner may receive any salary unless he or she first executes an
4 affidavit at the end of each salary period stating that he or she has complied with the
5 deadlines in par. (a). The affidavit shall be presented to and filed with every official
6 who certifies, in whole or in part, the salary.

7 ***-1182/P3.7* SECTION 2137.** 73.01 (4m) (c) of the statutes is amended to read:

8 73.01 (4m) (c) If a member of the commission, including the chairperson, or its
9 a hearing examiner is unable to comply with the deadline under par. (a), that person
10 shall so certify in the record, and the period is then extended for one additional period
11 not to exceed 90 days.

12 ***-1183/5.4* SECTION 2138.** 73.03 (2a) of the statutes is amended to read:

13 73.03 (2a) ~~To prepare, have published and distribute to each property tax~~
14 ~~assessor and to others who so request and publish, in electronic form and on the~~
15 Internet, assessment manuals. The manual shall discuss and illustrate accepted
16 assessment methods, techniques and practices with a view to more nearly uniform
17 and more consistent assessments of property at the local level. The manual shall be
18 amended by the department from time to time to reflect advances in the science of
19 assessment, court decisions concerning assessment practices, costs, and statistical
20 and other information considered valuable to local assessors by the department. The
21 manual shall incorporate standards for the assessment of all types of renewable
22 energy resource systems used in this state as soon as such systems are used in
23 sufficient numbers and sufficient data exists to allow the formulation of valid
24 guidelines. The manual shall incorporate standards, which the department of
25 revenue and the state historical society of Wisconsin shall develop, for the

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1 assessment of nonhistoric property in historic districts and for the assessment of
2 historic property, including but not limited to property that is being preserved or
3 restored; property that is subject to a protective easement, covenant or other
4 restriction for historic preservation purposes; property that is listed in the national
5 register of historic places in Wisconsin or in this state's register of historic places and
6 property that is designated as a historic landmark and is subject to restrictions
7 imposed by a municipality or by a landmarks commission. The manual shall
8 incorporate general guidelines about ways to determine whether property is taxable
9 in part under s. 70.1105 and examples of the ways that s. 70.1105 applies in specific
10 situations. The manual shall state that assessors are required to comply with s. 70.32
11 (1g) and shall suggest procedures for doing so. The manual or a supplement to it shall
12 specify per acre value guidelines for each municipality for various categories of
13 agricultural land based on the income that could be generated from its estimated
14 rental for agricultural use, as defined by rule, and capitalization rates established
15 by rule. The manual shall include guidelines for classifying land as agricultural
16 land, as defined in s. 70.32 (2) (c) 1g., and guidelines for distinguishing between land
17 and improvements to land. The cost of the development, preparation, and Internet
18 ~~publication and distribution~~ of the manual and of revisions and amendments to it
19 ~~shall be borne by the assessors and requesters at an individual volume cost or a~~
20 ~~subscription cost as determined by the department. All receipts shall be credited to~~
21 ~~paid from~~ the appropriation under s. 20.566 (2) (hi). ~~The department may provide~~
22 ~~free assessment manuals to other state agencies or exchange them at no cost with~~
23 ~~agencies of other states or of the federal government for similar information or~~
24 ~~publications~~ (b).

25 *-0728/6.15* SECTION 2139. 73.03 (28e) of the statutes is created to read:

1 73.03 (28e) To participate as a member state of the streamlined sales tax
2 governing board which administers the agreement, as defined in s. 77.65 (2) (a), and
3 includes having the governing board enter into contracts that are necessary to
4 implement the agreement on behalf of the member states, and to allocate a portion
5 of the amount collected under ch. 77 through the agreement to the appropriation
6 under s. 20.566 (1) (ho) to pay the dues necessary to participate in the governing
7 board. The department shall allocate the remainder of such collections to the general
8 fund.

9 *-1261/5.700* *-1267/P1.217* SECTION 2140. 73.03 (50) (c) of the statutes is
10 amended to read:

11 73.03 (50) (c) In the case of an applicant who is an individual and who has a
12 social security number, sets forth the social security number of the applicant or, in
13 the case of an applicant who is an individual and who does not have a social security
14 number, submits a statement made or subscribed under oath or affirmation that the
15 applicant does not have a social security number. The form of the statement shall
16 be prescribed by the department of workforce development children and families. A
17 certificate issued in reliance upon a false statement submitted under this paragraph
18 is invalid.

19 *-0728/6.16* SECTION 2141. 73.03 (50) (d) of the statutes is amended to read:

20 73.03 (50) (d) In the case of a sole proprietor, signs the form or, in the case of
21 other persons, has an individual who is authorized to act on behalf of the person sign
22 the form, or, in the case of a single-owner entity that is disregarded as a separate
23 entity under section 7701 of the Internal Revenue Code, the person is the owner. Any
24 person who may register under this subsection may designate an agent, as defined
25 in s. 77.524 (1) (ag), to register with the department under this subsection in the

1 manner prescribed by the department. In this paragraph, "sign" has the meaning
2 given in s. 77.51 (17r).

3 ***-0728/6.17* SECTION 2142.** 73.03 (50b) of the statutes is created to read:

4 **73.03 (50b)** To waive the fee established under sub. (50) for applying for and
5 renewing the business tax registration certificate, if the person who is applying for
6 or renewing the certificate is not required for purposes of ch. 77 to hold such a
7 certificate.

8 ***-1261/5.701* *-1267/P1.218* SECTION 2143.** 73.03 (50m) of the statutes is
9 amended to read:

10 **73.03 (50m)** To enter into a memorandum of understanding with the
11 department of ~~workforce development~~ children and families under s. 49.857. The
12 department of revenue shall suspend, refuse to issue or refuse to renew any
13 certificate issued under sub. (50) as provided in the memorandum of understanding
14 entered into under s. 49.857. Notwithstanding ss. 71.78 and 77.61 (5), the
15 department of revenue shall disclose to the department of ~~workforce development~~
16 children and families the social security number of any applicant for a certificate
17 issued under sub. (50) as provided in the memorandum of understanding.

18 ***-0723/1.1* SECTION 2144.** 73.03 (52n) of the statutes is created to read:

19 **73.03 (52n)** To enter into agreements with federally recognized tribes located
20 in this state that provide for offsetting state tax refunds against tribal obligations
21 and to charge a fee up to \$25 per transaction for such setoffs. Any legal proceeding
22 to contest a setoff under this subsection shall be commenced only under the process
23 established by the tribe.

24 ***-0728/6.18* SECTION 2145.** 73.03 (61) of the statutes is created to read:

1 73.03 (61) To do all of the following related to the Uniform Sales and Use Tax
2 Administration Act:

3 (a) Certify compliance with the agreement, as defined in s. 77.65 (2) (a).

4 (b) Pursuant to the agreement, as defined in s. 77.65 (2) (a), certify certified
5 service providers, as defined in s. 77.51 (1g), and certified automated systems, as
6 defined in s. 77.524 (1) (am).

7 (c) Consistent with the agreement, as defined in s. 77.65 (2) (a), establish
8 performance standards and eligibility criteria for a seller that sells tangible personal
9 property or taxable services in at least 5 states that are signatories to the agreement,
10 as defined in s. 77.65 (2) (a); that has total annual sales revenue of at least
11 \$500,000,000; that has a proprietary system that calculates the amount of tax owed
12 to each taxing jurisdiction in which the seller sells tangible personal property or
13 taxable services; and that has entered into a performance agreement with the states
14 that are signatories to the agreement, as defined in s. 77.65 (2) (a). For purposes of
15 this paragraph, "seller" includes an affiliated group of sellers using the same
16 proprietary system to calculate the amount of tax owed in each taxing jurisdiction
17 in which the sellers sell tangible personal property or taxable services.

18 (d) Issue a tax identification number to a person who claims an exemption
19 under subch. III or V of ch. 77 and who is not required to register with the department
20 for the purposes of subch. III or V of ch. 77 and establish procedures for the
21 registration of such a person.

22 (e) Maintain a database that is accessible to sellers and certified service
23 providers, as defined in s. 77.51 (1g), that indicates whether items defined in
24 accordance with the Uniform Sales and Use Tax Administration Act are taxable or
25 nontaxable.

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1 (f) Maintain a database that is accessible to sellers and certified service
2 providers, as defined in s. 77.51 (1g), and available in a downloadable format, that
3 indicates tax rates, taxing jurisdiction boundaries, and zip code or address
4 assignments related to the administration of taxes imposed under subchs. III and V
5 of ch. 77.

6 (g) Set forth the information that the seller shall provide to the department for
7 tax exemptions claimed by purchasers and establish the manner in which a seller
8 shall provide such information to the department.

9 (h) Provide monetary allowances, in addition to the retailer's discount provided
10 under s. 77.61 (4) (c), to certified service providers, as defined in s. 77.51 (1g), and
11 sellers that use certified automated systems, as defined in s. 77.524 (1) (am), or
12 proprietary systems, pursuant to the agreement as defined in s. 77.65 (2) (a).

13 ***-1361/4.6* SECTION 2146.** 73.03 (63) of the statutes is created to read:

14 73.03 (63) Notwithstanding the amount limitations specified under ss. 71.07
15 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., and 560.205 (3) (d), in
16 consultation with the department of commerce, to carry forward to subsequent
17 taxable years unclaimed credit amounts of the early stage seed investment credits
18 under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b) and the angel investment credit under
19 s. 71.07 (5d). Annually, no later than July 1, the department of commerce shall
20 submit to the department of revenue its recommendations for the carry forward of
21 credit amounts as provided under this subsection.

22 ***-1261/5.702* *-1261/P3.524* SECTION 2147.** 73.0301 (1) (d) 2. of the statutes
23 is amended to read:

24 73.0301 (1) (d) 2. A license issued by the department of health and family
25 services children and families under s. 48.66 (1) (a) to a child welfare agency, group

1 home, shelter care facility, or day care center, as required by s. 48.60, 48.625, 48.65,
2 or 938.22 (7).

3 ***-1261/5.703* *-1261/P3.525* SECTION 2148.** 73.0301 (1) (e) of the statutes
4 is amended to read:

5 73.0301 (1) (e) "Licensing department" means the department of
6 administration; the board of commissioners of public lands; the department of
7 commerce; the department of children and families; the ethics board; the department
8 of financial institutions; the department of health and family services; the
9 department of natural resources; the department of public instruction; the
10 department of regulation and licensing; the department of workforce development;
11 the office of the commissioner of insurance; or the department of transportation.

12 ***-1261/5.704* *-1267/P1.219* SECTION 2149.** 73.0301 (2) (c) 1. am. of the
13 statutes is amended to read:

14 73.0301 (2) (c) 1. am. If the applicant is an individual and does not have a social
15 security number, a statement made or subscribed under oath or affirmation that the
16 applicant does not have a social security number. The form of the statement shall
17 be prescribed by the department of ~~workforce development~~ children and families. A
18 license issued in reliance upon a false statement submitted under this subd. 1. am.
19 is invalid.

20 ***-1261/5.705* *-1267/P1.220* SECTION 2150.** 73.0301 (2) (c) 2. of the statutes
21 is amended to read:

22 73.0301 (2) (c) 2. A licensing department may not disclose any information
23 received under subd. 1. a. or b. to any person except to the department of revenue for
24 the purpose of requesting certifications under par. (b) 2. in accordance with the
25 memorandum of understanding under sub. (4) and administering state taxes or to

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1 the department of ~~workforce development~~ children and families for the purpose of
2 administering s. 49.22.

3 ***-1009/7.2* SECTION 2151.** 74.09 (3) (b) 6m. of the statutes is created to read:

4 74.09 (3) (b) 6m. The amount of the credit under s. 79.10 (5m) allocable to the
5 property for the previous year and the current year, and the percentage change
6 between those years.

7 ***-1009/7.3* SECTION 2152.** 74.09 (3) (b) 7. of the statutes is amended to read:

8 74.09 (3) (b) 7. The amount obtained by subtracting the amount amounts under
9 subd. subds. 6. and 6m. from the amount under subd. 5., for the previous year and
10 the current year, and the percentage change in that amount between those years.

11 ***-0728/6.19* SECTION 2153.** 76.07 (4g) (b) 8. of the statutes is amended to read:

12 76.07 (4g) (b) 8. Determine transport-related revenue by adding public service
13 revenue allocated to this state on the basis of routes for which the company is
14 authorized to receive subsidy payments, mutual aid allocated to this state on the
15 basis of the ratio of transport revenues allocated to this state to transport revenues
16 everywhere in the previous year, in-flight sales allocated to this state as they are
17 allocated under s. ~~77.51 (14r)~~ 77.522 and all other transport-related revenues from
18 sales made in this state.

19 ***-0486/1.23* SECTION 2154.** 76.636 (1) (e) of the statutes is amended to read:

20 76.636 (1) (e) "Member of a targeted group" means a person who resides in an
21 area designated by the federal government as an economic revitalization area, a
22 person who is employed in an unsubsidized job but meets the eligibility requirements
23 under s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who
24 is employed in a trial job, as defined in s. 49.141 (1) (n), or in a real work, real pay
25 project position under s. 49.147 (3m), a person who is eligible for child care assistance

1 under s. 49.155, a person who is a vocational rehabilitation referral, an economically
2 disadvantaged youth, an economically disadvantaged veteran, a supplemental
3 security income recipient, a general assistance recipient, an economically
4 disadvantaged ex-convict, a qualified summer youth employee, as defined in 26 USC
5 51 (d) (7), a dislocated worker, as defined in 29 USC 2801 (9), or a food stamp
6 recipient, if the person has been certified in the manner under s. 71.47 (1dj) (am) 3.
7 by a designated local agency, as defined in s. 71.47 (1dj) (am) 2.

8 ***-0486/1.24* SECTION 2155.** 76.636 (2) (b) of the statutes is amended to read:

9 76.636 (2) (b) The amount determined by multiplying the amount determined
10 under s. 560.785 (1) (b) by the number of full-time jobs created in a development zone
11 and filled by a member of a targeted group and by then subtracting the subsidies paid
12 under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147 (3m)
13 (c) for those jobs.

14 ***-0486/1.25* SECTION 2156.** 76.636 (2) (c) of the statutes is amended to read:

15 76.636 (2) (c) The amount determined by multiplying the amount determined
16 under s. 560.785 (1) (c) by the number of full-time jobs created in a development zone
17 and not filled by a member of a targeted group and by then subtracting the subsidies
18 paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147
19 (3m) (c) for those jobs.

20 ***-0486/1.26* SECTION 2157.** 76.636 (2) (d) of the statutes is amended to read:

21 76.636 (2) (d) The amount determined by multiplying the amount determined
22 under s. 560.785 (1) (bm) by the number of full-time jobs retained, as provided in the
23 rules under s. 560.785, excluding jobs for which a credit has been claimed under s.
24 71.47 (1dj), in an enterprise development zone under s. 560.797 and for which
25 significant capital investment was made and by then subtracting the subsidies paid

1 under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147 (3m)
2 (c) for those jobs.

3 ***-0486/1.27* SECTION 2158.** 76.636 (2) (e) of the statutes is amended to read:
4 76.636 (2) (e) The amount determined by multiplying the amount determined
5 under s. 560.785 (1) (c) by the number of full-time jobs retained, as provided in the
6 rules under s. 560.785, excluding jobs for which a credit has been claimed under s.
7 71.47 (1dj), in a development zone and not filled by a member of a targeted group and
8 by then subtracting the subsidies paid under s. 49.147 (3) (a) or the subsidies and
9 reimbursements paid under s. 49.147 (3m) (c) for those jobs.

10 ***-1530/7.2* SECTION 2159.** Chapter 77 (title) of the statutes is amended to
11 read:

12 **CHAPTER 77**

13 **TAXATION OF FOREST CROPLANDS;**

14 **REAL ESTATE TRANSFER FEES;**

15 **SALES AND USE TAXES; COUNTY**

16 **AND SPECIAL DISTRICT SALES**

17 **AND USE TAXES; MANAGED FOREST**

18 **LAND; TEMPORARY RECYCLING**

19 **SURCHARGE; LOCAL FOOD AND**

20 **BEVERAGE TAX; LOCAL RENTAL**

21 **CAR TAX; PREMIER RESORT AREA**

22 **TAXES; STATE RENTAL VEHICLE FEE;**

23 **DRY CLEANING FEES; REGIONAL**

24 **TRANSIT AUTHORITY FEE;**

25 **OIL COMPANY ASSESSMENT**

1 ***-1181/9.20*** SECTION 2160. 77.22 (1) of the statutes is amended to read:

2 77.22 (1) There is imposed on the grantor of real estate a real estate transfer
3 fee at the rate of ~~30~~ 60 cents for each \$100 of value or fraction thereof on every
4 conveyance not exempted or excluded under this subchapter. In regard to land
5 contracts the value is the total principal amount that the buyer agrees to pay the
6 seller for the real estate. This fee shall be collected by the register at the time the
7 instrument of conveyance is submitted for recording. Except as provided in s. 77.255,
8 at the time of submission the grantee or his or her duly authorized agent or other
9 person acquiring an ownership interest under the instrument, or the clerk of court
10 in the case of a foreclosure under s. 846.16 (1), shall execute a return, signed by both
11 grantor and grantee, on the form prescribed under sub. (2). The register shall enter
12 the fee paid on the face of the deed or other instrument of conveyance before
13 recording, and, except as provided in s. 77.255, submission of a completed real estate
14 transfer return and collection by the register of the fee shall be prerequisites to
15 acceptance of the conveyance for recording. The register shall have no duty to
16 determine either the correct value of the real estate transferred or the validity of any
17 exemption or exclusion claimed. If the transfer is not subject to a fee as provided in
18 this subchapter, the reason for exemption shall be stated on the face of the
19 conveyance to be recorded by reference to the proper subsection under s. 77.25.

20 ***-1181/9.21*** SECTION 2161. 77.24 of the statutes is amended to read:

21 **77.24 Division of fee.** Twenty Ten percent of all fees collected under this
22 subchapter shall be retained by the county and the balance shall be transmitted to
23 the state. Remittances shall be made monthly by the county treasurers to the
24 department of revenue by the 15th day of the month following the close of the month
25 in which the fee was collected. The remittance to the department shall be

1 accompanied by the returns executed under s. 77.22. The state shall deposit all
2 moneys received under this section into the county aid fund.

3 ***-0728/6.20* SECTION 2162.** 77.51 (1) of the statutes is renumbered 77.51 (1fd)
4 and amended to read:

5 77.51 (1fd) "Business" includes any activity engaged in by any person or caused
6 to be engaged in by any person with the object of gain, benefit or advantage, either
7 direct or indirect, and includes also the furnishing and distributing of tangible
8 personal property, specified digital goods, additional digital goods, or taxable
9 services for a consideration by social clubs and fraternal organizations to their
10 members or others.

****NOTE: This is reconciled s.77.51 (1) . This SECTION has been affected by drafts
with the following LRB numbers: 0725 and 0728.

11 ***-0728/6.21* SECTION 2163.** 77.51 (1a) of the statutes is created to read:

12 77.51 (1a) "Additional digital goods" means video greeting cards sent by
13 electronic mail, finished artwork, periodicals, and video or electronic games. For
14 purposes of this subchapter, the sale of or the storage, use, or other consumption of
15 a digital code is treated the same as the sale of or the storage, use, or other
16 consumption of any additional digital goods for which the digital code relates.

17 ***-0728/6.22* SECTION 2164.** 77.51 (1b) of the statutes is created to read:

18 77.51 (1b) "Alcoholic beverage" means a beverage that is suitable for human
19 consumption and that contains 0.5 percent or more of alcohol by volume.

20 ***-0728/6.24* SECTION 2165.** 77.51 (1ba) of the statutes is created to read:

21 77.51 (1ba) "Ancillary services" means services that are associated with or
22 incidental to providing telecommunications services, including detailed

1 telecommunications billing, directory assistance, vertical service, and voice mail
2 services, but not including specified digital goods.

3 ***-0728/6.23* SECTION 2166.** 77.51 (1f) of the statutes is created to read:

4 **77.51 (1f)** "Bundled transaction" means the retail sale of 2 or more products,
5 not including real property and services to real property, if the products are distinct
6 and identifiable products and sold for one nonitemized price. "Bundled transaction"
7 does not include any of the following:

8 (a) The sale of any products for which the sales price varies or is negotiable
9 based on the purchaser's selection of the products included in the transaction.

10 (b) 1. The retail sale of tangible personal property and a service, if the tangible
11 personal property is essential to the use of the service, and provided exclusively in
12 connection with the service, and if the true object of the transaction is the service.

13 2. The retail sale of a service and specified digital goods or additional digital
14 goods, if such goods are essential to the use of the service, and provided exclusively
15 in connection with the service, and if the true object of the transaction is the service.

16 (c) The retail sale of services, if one of the services is essential to the use or
17 receipt of another service, and provided exclusively in connection with the other
18 service, and if the true object of the transaction is the other service.

19 (d) A transaction that includes taxable and nontaxable products, if the seller's
20 purchase price or the sales price of the taxable products is no greater than 10 percent
21 of the seller's total purchase price or sales price of all the bundled products, as
22 determined by the seller using either the seller's purchase price or sales price, but
23 not a combination of both, or, in the case of a service contract, the full term of the
24 service contract.

1 (e) The retail sale of taxable tangible personal property and tangible personal
2 property that is exempt from the taxes imposed under this subchapter, if the
3 transaction includes food and food ingredients, drugs, durable medical equipment,
4 mobility-enhancing equipment, prosthetic devices, or medical supplies and if the
5 seller's purchase price or the sales price of the taxable tangible personal property is
6 no greater than 50 percent of the seller's total purchase price or sales price of all the
7 tangible personal property included in what would otherwise be a bundled
8 transaction, as determined by the seller using either the seller's purchase price or
9 the sales price, but not a combination of both.

10 ***-0725/3.1* SECTION 2167.** 77.51 (1d) of the statutes is created to read:

11 77.51 (1d) "Biotechnologies" include recombinant deoxyribonucleic acid
12 techniques, biochemistry, molecular and cellular biology, genetics, genetic
13 engineering, biological cell fusion, and other bioprocesses.

14 ***-0725/3.2* SECTION 2168.** 77.51 (1e) of the statutes is created to read:

15 77.51 (1e) "Biotechnology business" means a business, as certified by the
16 department in the manner prescribed by the department, that is primarily engaged
17 in the application of biotechnologies that use a living organism or parts of an
18 organism to produce or modify products to improve plants or animals, develop
19 microorganisms for specific uses, identify targets for small molecule pharmaceutical
20 development, or transform biological systems into useful processes and products.

21 ***-0728/6.25* SECTION 2169.** 77.51 (1fm) of the statutes is created to read:

22 77.51 (1fm) "Candy" means a preparation of sugar, honey, or other natural or
23 artificial sweetener combined with chocolate, fruit, nuts, or other ingredients or
24 flavorings in the form of bars, drops, or pieces. "Candy" does not include a
25 preparation that contains flour or that requires refrigeration.